Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements
for the nine month period ended September 30, 2017 and September 30, 2016

(December 2016 Audited, September 2016 & September 2017 Unaudited, expressed in United States dollars, unless otherwise stated)

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position

as at September 30, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Notes	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
ASSETS			
Non-current assets			
Mining assets	5	828,186	823,612
Intangible assets	6	36,472	36,309
Property, plant and equipment	7	199,550	213,847
Loans receivable		17,136	18,054
Restricted cash investments and guarantees	8.2	15,331	12,897
Investment in associate	10	2,800	3,015
Total non-current assets		1,099,475	1,107,734
Current assets			
Inventories	9	8,875	7,820
Trade and other receivables		37,049	48,681
Cash and cash equivalents	8.1	15,913	50,307
Total current assets		61,837	106,808
TOTAL ASSETS		**1,161,312**	**1,214,542**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11	2,549,583	2,549,583
Other components of equity		(456,110)	(540,352)
Accumulated deficit		(997,915)	(865,944)
		1,095,558	1,143,287
Non-controlling interests		(1,791)	(2,241)
Total equity		1,093,767	1,141,046
Non-current liabilities			
Long-term borrowings	12.1	4,265	3,927
Finance lease liability	13	396	1,070
Decommissioning and rehabilitation provision	14	23,656	22,312
Total non-current liabilities		28,317	27,309
Current liabilities			
Short-term borrowings	12.2	265	209
Trade payables and accrued liabilities		22,655	23,329
Revolving commodity facility	15	15,417	21,841
Current portion of finance lease liability	13	891	808
Total current liabilities		39,228	46,187
Total liabilities		67,545	73,496
TOTAL EQUITY AND LIABILITIES		**1,161,312**	**1,214,542**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of comprehensive income

for the three and nine months ended September 30, 2017

(Expressed in United States Dollars, unless otherwise stated)

		For the three months ended		For the nine months ended	
	Notes	**Sep 30, 2017 USD'000**	**Sep 30, 2016 USD'000**	**Sep 30, 2017 USD'000**	**Sep 30, 2016 USD'000**
Revenue	16	30,791	42,998	87,942	111,532
Cost of operations	17	(40,448)	(49,013)	(125,594)	(136,022)
Gross loss		(9,657)	(6,015)	(37,652)	(24,490)
Administrative and general expenses		(5,110)	(5,662)	(15,506)	(14,784)
Other income		(158)	80	83	148
Foreign exchange loss		(552)	(7,184)	(2,779)	(4,234)
Operating loss	18	(15,477)	(18,781)	(55,854)	(43,360)
Finance income		864	1,531	2,845	3,065
Finance costs		(849)	(1,986)	(2,726)	(3,757)
Share of (loss)/profit of investments accounted for using the equity method		(267)	190	(554)	(107)
Loss before income tax		**(15,729)**	**(19,046)**	**(56,289)**	**(44,159)**
Income tax expense		-	971	(5)	(3,518)
LOSS FOR THE PERIOD		**(15,729)**	**(18,075)**	**(56,294)**	**(47,677)**
Attributable to:					
Owners of the parent		(15,882)	(21,007)	(56,744)	(48,000)
Non-controlling interest		153	2,932	450	323
		(15,729)	**(18,075)**	**(56,294)**	**(47,677)**
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on loan designated as net investment		(48,801)	37,739	(75,227)	53,255
Exchange differences on translation from functional to presentation currency		6,475	39,194	84,292	70,947
Movement in other reserves		14	218	(50)	215
Other comprehensive income - net of tax		(42,312)	77,151	9,015	124,417
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD		**(58,041)**	**59,076**	**(47,279)**	**76,740**
Attributable to:					
Owners of the parent		(58,194)	56,144	(47,729)	76,417
Non-controlling interest		153	2,932	450	323
		(58,041)	**59,076**	**(47,279)**	**76,740**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of changes in shareholders' equity

for the three and nine months ended September 30, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Share capital	Accumulated deficit	Share based payment reserve	Other reserves	Foreign currency translation reserve	Subtotal	Non controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at January 1, 2016	**2,549,583**	**(907,581)**	**2,556**	**(1,283)**	**(582,533)**	**1,060,742**	**(2,934)**	**1,057,808**
Loss for the period	-	(48,000)	-	-	-	(48,000)	323	(47,677)
Other comprehensive income for the period	-	53,255	-	215	70,947	124,417	-	124,417
Total comprehensive income	**-**	5,255	-	215	70,947	79,219	323	76,740
Transfers between equity	-	88	(88)	-	-	-	-	-
Total contributions by owners of the parent, recognised directly in equity	**-**	88	(88)	-	-	-	-	-
Balance at September 30, 2016	**2,549,583**	**(902,238)**	**2,468**	**(1,068)**	**(511,586)**	**1,137,159**	**(2,611)**	**1,134,548**
Loss for the period	-	(22,573)	-	-	-	(22,573)	166	(22,407)
Other comprehensive income/(loss) for the period	**-**	59,054	**-**	(146)	(30,003)	28,905	**-**	28,905
Total comprehensive income/(loss)	**-**	**36,481**	**-**	**(146)**	**(30,003)**	**6,332**	**166**	**6,498**
Subsidiary deregistration	-	(204)	-	-	-	(204)	204	-
Transfers between equity	-	17	(17)	-	-	-	-	-
Total contributions by owners of the parent, recognised directly in equity	**-**	**(187)**	**(17)**	**-**	**-**	**(204)**	**204**	**-**
Balance at December 31, 2016	**2,549,583**	**(865,944)**	**2,451**	**(1,214)**	**(541,589)**	**1,143,287**	**(2,241)**	**1,141,046**
Loss for the period	-	(56,744)	-	-	-	(56,744)	450	(56,294)
Other comprehensive (loss)/income for the period	**-**	(75,227)	**-**	(50)	84,292	9,015	**-**	9,015
Total comprehensive (loss)/income	-	(131,971)	-	(50)	84,292	(47,729)	450	(47,279)
Balance at September 30, 2017	**2,549,583**	**(997,915)**	**2,451**	**(1,264)**	**(457,297)**	**1,095,558**	**(1,791)**	**1,093,767**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim cash flow statement

for the nine months ended September 30, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Notes	For the nine months ended Sep 30, 2017 USD'000	Sep 30, 2016 USD'000
Cash flows from operating activities			
Loss before income tax		(56,289)	(44,159)
Depreciation of property, plant and equipment	7	27,971	21,529
Disposal of property, plant and equipment	7	-	5
Amortisation of intangible assets	6	367	478
Revolving commodity facility fair value adjustment	15	(170)	790
Share based payment		-	5
Share of loss of investments accounted for using the equity method		554	107
Unrealised foreign exchange loss		2,748	2,727
Finance income		(2,845)	(3,065)
Finance cost		2,726	3,757
Operating loss before working capital changes		(24,938)	(17,826)
Decrease in trade and other receivables		12,348	1,509
(Decrease)/Increase in trade and other payables		(1,495)	4,110
Increase in inventories		(1,074)	(1,857)
Increase in short-term borrowings		54	-
Cash utilised in operations		(15,105)	(14,064)
Income tax paid		(5)	-
Interest paid		(329)	(1,459)
Interest received		1,253	2,132
Net cash utilised in operating activities		**(14,186)**	**(13,391)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(12,209)	(6,852)
Purchases of mining assets	5	(588)	(330)
Additions to intangible assets	6	(354)	(1,729)
Loans repayment received/(advanced)		2,392	(1,514)
Increase in rehabilitation guarantees		(1,150)	(4,876)
Net cash utilised in investing activities		**(11,909)**	**(15,301)**
Cash flows from financing activities			
Repayment of finance lease liability	13	(772)	(722)
Proceeds from short and long term liability		-	38
Proceeds from revolving commodity facility	15	47,116	68,742
Repayment of revolving commodity facility	15	(56,299)	(64,095)
Net cash (utilised in)/generated from financing activities		**(9,955)**	**3,963**
Net decrease in cash and cash equivalents		(36,050)	(24,729)
Cash and cash equivalents at beginning of the year	8.1	50,307	85,387
Exchange gain on cash and cash equivalents		1,656	8,325
Cash and cash equivalents at end of the year	8.1	**15,913**	**68,983**

The accompanying notes are an integral part of the consolidated and separate financial statements.

1. General information

Sedibelo Platinum Mines Limited (“the Company”) and its subsidiaries (“the Group”) is a mining group engaged in the acquisition, exploration, development and operation of Platinum Group Metals (“PGM”) properties in South Africa.

The Company is registered in Guernsey and reports in accordance with the provisions of The Companies (Guernsey) Law, 2008. For the nine months ended September 30, 2017 the Group made a loss of USD56.294 million.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year (see Note 4).

a) Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”), IFRS IC interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

The interim financial statements presented complies with *IAS 34 – Interim financial reporting*.

The financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value.

The financial information is presented in US dollars (“USD”) and all monetary results are rounded to the nearest thousand (USD’000) except when otherwise indicated.

There are no changes in these accounting policies for the period ended 30 September 2017 except as disclosed in Note 4 below “Changes in accounting policy”.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Group be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material.

The Group operates in a cyclical industry where levels of cash flow have historically been materially influenced by market prices for commodities and exchange rates. Material uncertainties, such as exposure to ZAR:USD exchange rate and PGM prices, cast significant doubt upon the going concern assumption. Continuance as a going concern is dependent upon the Group’s ability to achieve profitable operations, obtain adequate equity or debt funding, or, alternatively, dispose of its non-core properties on an advantageous basis. To improve cash flows, management continues to pursue operational efficiencies including the construction of a chromite removal plant. The chromite removal plant was commissioned in September 2017 and revenue from the first sales is expected to be recognised in November. The outcome and impact of management's other initiatives cannot be predicted at this time. The Group has cash and cash equivalents of USD15.913 million, working capital of USD22.609 million, and a deficit of USD997.915 million as at September 30, 2017. The Group made a net loss of USD56.294 million for the nine months ended September 30, 2017.

These material uncertainties cast significant doubt upon the Group’s ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. Although the Group has been successful in driving operational efficiencies and managing its cash flow in the past there is no assurance these initiatives will continue to be sufficient to offset the effect of a weak price environment. Management continues to pursue additional funding avenues to ensure the group continues as a going concern.

The Group therefore continues to adopt the going concern basis in preparing the consolidated financial information.

(Expressed in United States Dollars, unless otherwise stated)

2. Summary of significant accounting policies (continued)

b) Accounting policies

The accounting policies adopted are consistent with those used in the Sedibelo Platinum Mines Limited annual financial statements for the year ended December 31, 2016 except as described below.

The following exchange rates to the US dollar have been applied:

	At Sep 30, 2017	Average nine months ended Sep 30, 2017	Average three months ended Sep 30, 2017	At Dec 31, 2016	Average nine months ended Sep 30, 2016	Average three months ended Sep 30, 2016
South African Rand (USD:ZAR)	13.55	13.20	13.18	13.61	14.93	14.07

Property, plant and equipment

Depreciation and amortisation are calculated on a units-of-production method for the mining assets and straight-line method for all other assets to write off the cost of the assets to their residual values over their estimated useful lives. The useful lives applicable to each category of property, plant and equipment are as follows:

Asset category	Useful life
Producing mines	Units of production (ore tonnes mined)
Pre-stripping costs	Units of production (ore tonnes mined)
Plant construction and mine development	Units of production (ore tonnes mined)
Deferred stripping costs	Units of production (ore tonnes mined)
Decommissioning assets	Units of production (ore tonnes mined)
Leasehold improvements	5 years
Plant and equipment	Units of production (ore tonnes processed)
Buildings	20 years
Land	Indefinite
Other	
- Vehicles	5 years
- Computer equipment	3 years
- Office equipment	6 years
- Furniture and fittings	6 years
- Other equipment	5 years

3. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

4. Change in accounting policy including initial adoption

There were no changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2016.

New and amended standards and interpretations effecting for the year

At the date of the issue of this report, the following new accounting standard was in issue but not yet effective. The standard is expected to have an impact on the Company's financial statements.

IFRS 16 Leases – The standard removes the classification of leases as operating or finance leases and requires all leases to be included on the statement of financial position.

Impact assessment

The Group is in the process of assessing the impact of IFRS 16. The standard is effective for year-ends beginning on or after 1 January 2019.

IFRS 15 Revenue from Contracts with Customers

Impact assessment

The Group is in the process of assessing the impact of IFRS 15. Provisional pricing arrangements with customers will need to be considered to determine whether the contracts include embedded derivative or variable consideration. The standard is effective for year-ends beginning on or after 1 January 2018.

There are no other new standards, interpretations or amendments to standards issued and effective for the year which may in the future be expected to have a material impact on the Group.

5. Mining assets

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Exploration and evaluation assets	16,509	15,860
Mineral properties	781,811	778,031
Mineral rights	29,866	29,721
Balance at the end of the period	**828,186**	**823,612**

	Exploration & evaluation assets USD'000	Mineral properties USD'000	Mineral rights USD'000	TOTAL USD'000
Balance at January 1, 2016	**13,453**	**680,745**	**26,005**	**720,203**
Additions	449	-	-	449
Foreign exchange variance	1,958	97,286	3,716	102,960
Balance at December 31, 2016	**15,860**	**778,031**	**29,721**	**823,612**
Additions	588	-	-	588
Foreign exchange variance	61	3,780	145	3,986
Balance at September 30, 2017	**16,509**	**781,811**	**29,866**	**828,186**

6. Intangible assets

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Water pipeline	25,848	26,046
ERP software	60	78
Computer software	469	280
Research and development	10,095	9,905
Balance at the end of the period	**36,472**	**36,309**

Reconciliation of intangible assets:

	Water pipeline USD'000	ERP Software USD'000	Computer software USD'000	Research and development USD'000	Power and water rights USD'000	TOTAL USD'000
COST						
Balance at January 1, 2016	**25,479**	**111**	**833**	**7,025**	**21,672**	**55,120**
Additions during the year	-	-	125	1,652	-	1,777
Foreign exchange variance	3,641	16	126	1,228	-	5,011
Balance at December 31, 2016	**29,120**	**127**	**1,084**	**9,905**	**21,672**	**61,908**
Additions during the year	-	-	209	145	-	354
Foreign exchange variance	141	-	-	45	-	186
Balance at September 30, 2017	**29,261**	**127**	**1,293**	**10,095**	**21,672**	**62,448**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance at January 1, 2016	**2,255**	**23**	**571**	**-**	**21,672**	**24,521**
Amortisation for the year	461	21	138	-	-	620
Foreign exchange variance	358	5	95	-	-	458
Balance at December 31, 2016	**3,074**	**49**	**804**	**-**	**21,672**	**25,599**
Amortisation for the year	332	18	17	-	-	367
Foreign exchange variance	7	-	3	-	-	10
Balance at September 30, 2017	**3,413**	**67**	**824**	**-**	**21,672**	**25,976**
CARRYING AMOUNTS						
Balance at January 1, 2016	**23,224**	**88**	**262**	**7,025**	**-**	**30,599**
Balance at December 31, 2016	**26,046**	**78**	**280**	**9,905**	**-**	**36,309**
Balance at September 30, 2017	**25,848**	**60**	**469**	**10,095**	**-**	**36,472**

7. Property, plant and equipment

	Producing Mines USD'000	Plant construction and mine development USD'000	Pre-stripping cost USD'000	Deferred stripping cost USD'000	Decom-missioning asset USD'000	Leased assets USD'000	(a)Plant and equipment USD'000	Land and buildings USD'000	Other USD'000	TOTAL USD'000
COST										
Balance at January 1, 2016	**5,809**	**5,965**	**109,626**	**47,367**	**12,478**	**4,830**	**128,057**	**2,896**	**4,156**	**321,184**
Additions	-	1,204	-	-	929	-	9,214	153	32	11,532
Change in estimate	-	-	-	-	4,200	-	-	-	-	4,200
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Foreign exchange variance	830	941	15,667	6,769	1,955	690	18,798	420	600	46,670
Balance at December 31, 2016	**6,639**	**8,110**	**125,293**	**54,136**	**19,562**	**5,520**	**156,069**	**3,469**	**4,787**	**383,585**
Additions	-	975	-	-	-	-	9,996	11	1,227	12,209
Disposals	-	-	-	-	-	-	-	-	(4)	(4)
Impairment	-	-	-	-	-	-	-	-	(2)	(2)
Foreign exchange variance	32	8	609	263	95	27	464	16	(18)	1,496
Balance at September 30, 2017	**6,671**	**9,093**	**125,902**	**54,399**	**19,657**	**5,547**	**166,529**	**3,496**	**5,990**	**397,284**
ACCUMULATED DEPRECIATION										
Balance at January 1, 2016	**1,694**	**-**	**45,454**	**22,996**	**3,233**	**2,122**	**43,112**	**255**	**2,591**	**121,457**
Depreciation for the year	723	-	11,675	593	1,268	313	13,411	111	628	28,722
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Foreign exchange variance	195	-	7,470	3,342	557	328	7,252	46	370	19,560
Balance at December 31, 2016	**2,612**	**-**	**64,599**	**26,931**	**5,058**	**2,763**	**63,775**	**412**	**3,588**	**169,738**
Depreciation for the year	616	-	7,306	3,319	1,663	261	14,185	87	534	27,971
Disposals	-	-	-	-	-	-	-	-	(4)	(4)
Impairment	-	-	-	-	-	-	-	-	(2)	(2)
Foreign exchange variance	(5)	-	124	3	(24)	7	(80)	-	6	31
Balance at September 30, 2017	**3,223**	**-**	**72,029**	**30,253**	**6,697**	**3,031**	**77,880**	**499**	**4,122**	**197,734**
CARRYING AMOUNTS										
Balance at January 1, 2016	**4,115**	**5,965**	**64,172**	**24,371**	**9,245**	**2,708**	**84,945**	**2,641**	**1,565**	**199,727**
Balance at December 31, 2016	**4,027**	**8,110**	**60,694**	**27,205**	**14,504**	**2,757**	**92,294**	**3,057**	**1,199**	**213,847**
Balance at September 30, 2017	**3,448**	**9,093**	**53,873**	**24,146**	**12,960**	**2,516**	**88,649**	**2,997**	**1,868**	**199,550**

(a) The plant and equipment category includes tailings dam costs

8. Cash and cash equivalents, restricted cash investments and guarantees

8.1 Cash and cash equivalents

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Cash at bank	15,913	50,307
Balance at the end of the period	**15,913**	**50,307**

Cash at banks earns predominantly interest at floating rates. Cash is deposited at highly reputable financial institutions of a high quality credit standing within the Republic of South Africa and in the United Kingdom. The fair value of cash and cash equivalents equates to the values as disclosed in this note.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise only the cash at bank and financial institutions or asset managers and are disclosed for each year end above.

8.2 Restricted cash investments and guarantees

Cash investments were made relating to certain guarantees required by the Republic of South Africa's Department of Mineral Resources ("DMR") and ESKOM Holdings Limited, the South African state utility supplier, of which the details are as follows:

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Balance at the end of the period	**15,331**	**12,897**

The Department of Mineral Resources requires rehabilitation guarantees for all prospecting and mining rights. These rehabilitation guarantees primarily relate to the mining rights for the PPM and Mphahlele Projects. These guarantees have been provided to the Department of Mineral Resources on two separate bases:

- On an insurance basis with a portion of the total guarantee being paid over in a separate bank account controlled by the Group and ceded in favour of the insurance company and the remaining portion paid in premiums over the expected life of the mine; and
- on a cash backed basis.

As at September 30, 2017 the Group had USD40.434 million in guarantees to the DMR and ESKOM, of which USD15.331 million is funded.

9. Inventories

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Ore stockpiled	73	40
Work in progress	375	136
Consumables	8,427	7,644
Balance at the end of the period	**8,875**	**7,820**

10. Investment in associate

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group:

Name of entity	Country of incorporation	% of ownership interest	Nature of relationship	Measurement method
Kelltech Limited	Mauritius	50	Provides access to new technology to the SPM Group	Equity

A 50% shareholding was purchased in Kelltech Limited for USD6,073 thousand. Two directors on the SPM Board, Keith Liddell and Chris Von Christierson, have indirect beneficial interests in Kelltech Limited.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest:

Summarised balance sheet	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
Assets		
Intangible asset	9,700	6,994
Loans receivable	-	6
Trade receivables	4	128
Cash and cash equivalents	2,780	817
Liabilities		
Loans payable	(8,387)	(11,104)
Trade payables	(33)	(232)
Carrying value	**4,064**	**(3,391)**

Summarised statement of comprehensive loss	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
Other expense	(863)	(962)
Finance income	62	4
Finance cost	(272)	(396)
Total comprehensive loss	**(1,073)**	**(1,354)**

Summarised financial information	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
Opening net assets at the beginning of the period	**(3,391)**	**(2,099)**
Loss for the year	(1,073)	(1,354)
Other comprehensive income	1,603	62
Group interest in net assets at the end of the period	**(2,861)**	**(3,391)**
Minority interest in net assets at the end of the period	6,925	7,000
Closing interest in net assets at the end of the period	**4,064**	**3,609**
Purchase of interest in joint venture @50%	2,032	1,805
Goodwill	768	1,210
Carrying value	**2,800**	**3,015**

11. Share capital

11.1 Common shares authorised

The Company has an unlimited number of authorised common shares with no par value.

11.2 Common shares issued

	Number of shares	Amount USD'000
Balance at December 31, 2016	**3,095,401,663**	**2,549,583**
Balance at September 30, 2017	**3,095,401,663**	**2,549,583**

12. Borrowings

12.1 Long term borrowings

	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
Loan from Corridor Mining Resources Proprietary Limited	4,265	3,927
Balance at the end of the period	**4,265**	**3,927**

Corridor Mining Resources Proprietary Limited is a wholly owned subsidiary of Limpopo Economic Development Enterprise, an agency of the Limpopo Provincial Government, Republic of South Africa.

The long-term loan bears interest at South African prime overdraft rate until otherwise agreed by the shareholders. The loan is to be repaid from the proceeds generated by the Mphahlele project in Tameng Mining and Exploration Proprietary Limited, a subsidiary of Mahube Mining Proprietary Limited.

12.2 Short term borrowings

	Sep 30, 2017 USD'000	Dec 31, 2016 USD'000
Loan from Lexshell 703 Proprietary Limited	107	106
Loan from Emiclox	158	103
Balance at the end of the period	**265**	**209**

Reconciliation of short-term borrowings

	Lexshell 703 [(a)] USD'000	Emiclox[(b)] USD'000	TOTAL USD'000
Balance at January 1, 2017	**106**	**103**	**209**
Loan advanced	-	54	54
Foreign exchange variance	1	1	2
Balance at September 30, 2017	**107**	**158**	**265**

a) On November 29, 2012, 100% of the shareholders' interests in and claims against Lexshell 38 General Trading Proprietary Limited were acquired by the Group. As at November 29, 2012 Lexshell 38 General Trading had a loan owing to Lexshell 703 Proprietary Limited. The loan claims are interest free and have no repayment terms.
b) The loan from Emiclox is interest free and has no repayment terms.

13. Finance lease liability

ESKOM designed and built an electrical substation and related infrastructure adjacent to PPM to supply the required electricity for PPM's operations. PPM has exclusive use of this facility. ESKOM maintains ownership and control over all significant aspects of operating the facility. The arrangement with ESKOM meets the requirements of IFRIC 4 – *Arrangements containing a lease*, and therefore constitutes a finance lease under IAS 17 – *Leases.*

Each month, PPM pays a fixed capacity charge and a variable charge based on actual electricity consumed. These payments attract interest at the South African prime overdraft rate plus 2%.

Reconciliation between the total minimum lease payments and their present value:

As at September 30, 2017	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	1,002	408	-	1,410
Finance cost	(111)	(12)	-	(123)
Present value	**891**	**396**	**-**	**1,287**

As at December 31, 2016	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	997	1,155	-	2,152
Finance cost	(189)	(85)	-	(274)
Present value	**808**	**1,070**	**-**	**1,878**

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Non-current	396	1,070
Current	891	808
Balance at the end of the period	**1,287**	**1,878**

(Expressed in United States Dollars, unless otherwise stated)

14. Decommissioning and rehabilitation provision

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
DISCOUNTED		
Balance at the beginning of the year	22,312	13,572
Unwinding of discount (accretion)	1,288	1,399
Change in estimate	-	4,277
Additions	-	929
Subtotal	23,600	20,177
Foreign exchange variance	56	2,135
Balance at the end of the period	**23,656**	**22,312**
UNDISCOUNTED		
Balance at the beginning of the year	24,393	19,074[(a)]
Additions	-	2,546[(a)]
Subtotal	24,393	
Foreign exchange variance	118	2,773[(a)]
Balance at the end of the period	**24,511**	**24,393[(a)]**

a) The prior year comparatives were incorrectly disclosed. This has been corrected in the disclosed undiscounted liability movement schedule. The error is related to disclosure and has no impact on the financial results.

The estimate represents the current cost of closure as at the respective year end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the DMR, as well as meeting specific closure objectives outlined in the mine's Environmental Management Programme. Although the ultimate amount of the asset retirement obligation is uncertain, the measurement of the obligation is based on information that is currently available.

The estimated undiscounted liability for the asset retirement obligation at September 30, 2017 is USD24,511,000 (2016: USD24,393,000). The asset retirement obligation has been determined using a discount rate of 7.22% (2016: 7.22%) and an inflation rate of 6% (2016: 6%) over the expected life of mine which is 5.25 years (2016: 9.75 years).

15. Revolving commodity facility

PPM signed agreements with Investec Bank Limited ("Investec") to provide a rand denominated revolving commodity finance facility of up to USD29,000 thousand (ZAR400,000,000) for the financing of concentrate deliveries. The facility relating to deliveries to Impala amounts to ZAR300 million and bears interest at JIBAR plus 2.4% and is available up to March 31, 2018. The facility relating to deliveries to Northam amounts to ZAR100 million and bears interest at JIBAR plus 3% and is available up to February 28, 2018. The Company intends to renew the facilities on these dates.

In terms of this facility Investec Bank Limited will finance up to 91% of PPM's platinum, palladium and gold deliveries. PPM cedes on an out-and-out basis to Investec all rights to payments under its offtake agreements with Northam and Impala until the corresponding liability is settled. This facility is repaid within 2 to 4 months upon which the funds are again available for draw-down. On settlement date, the drawdown is revalued using average commodity prices and exchange rates for the calendar month before settlement date.

	As at Sep 30, 2017 USD'000	As at Dec 31, 2016 USD'000
Balance at the beginning of the period	21,841	18,107
Repayment of drawdown	(56,299)	(89,201)
Drawdown from the facility during the period	47,116	88,193
Fair value adjustments to the balances	(170)	(257)
Interest accrued	952	1,700
Subtotal	13,440	18,542
Exchange rate variance	1,977	3,299
Balance at the end of the period	**15,417**	**21,841**

16. Revenue

	For the three months ended		For the nine months ended	
	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000
4E Minerals	27,662	39,228	79,776	102,591
Other minerals	3,129	3,770	8,166	8,941
Total revenue	**30,791**	**42,998**	**87,942**	**111,532**

17. Cost of operations

	For the three months ended		For the nine months ended	
	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000
On-mine operations				
Total materials and mining costs	(11,955)	(22,333)	(42,941)	(63,747)
Concentrator plant operations				
Materials and other costs	(7,358)	(6,701)	(20,952)	(17,721)
Utilities	(4,688)	(4,366)	(11,720)	(10,130)
Beneficiation				
Smelting and refining costs	(3,051)	(4,770)	(9,836)	(12,902)
Transport	(106)	(161)	(336)	(447)
Salaries	(4,227)	(3,820)	(12,390)	(10,399)
Sub-total	**(31,385)**	**(42,151)**	**(98,175)**	**(115,346)**
Amortisation and depreciation of operating assets	(9,297)	(7,434)	(27,698)	(21,322)
Inventory adjustments	234	572	279	646
Total cost of operations	**(40,448)**	**(49,013)**	**(125,594)**	**(136,022)**

18. Operating loss

	For the three months ended		For the nine months ended	
	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000	As at Sep 30, 2017 USD'000	As at Sep 30, 2016 USD'000
Operating loss includes:				
Share based payment expense	-	-	-	(5)
Employee expenses	(2,487)	(2,196)	(7,358)	(5,469)
Audit fees	(8)	-	(194)	(198)
Consulting and professional fees	(597)	(300)	(1,357)	(1,231)
Royalty expense	(154)	(212)	(498)	(552)
Amortisation and depreciation	(165)	(230)	(640)	(685)
Foreign exchange loss	(552)	(7,184)	(2,779)	(4,234)

19. Financial risk management and Financial instruments

19.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements as at December 31, 2016. There have been no changes in the risk management policies since year end.

19.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

19.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial liabilities that are measured at fair value at 30 September 2017.

	Level	Carrying value As at Sep 30, 2017 USD '000	Fair value As at Sep 30, 2017 USD '000
Revolving commodity facility	1	15,417	15,417
Total financial liabilities		**15,417**	**15,417**

19.4 Fair value of financial assets and liabilities measured at amortised cost

	As at Sep 30, 2017 USD '000	As at Dec 31, 2016 USD '000
Restricted cash investments and guarantees	15,331	12,897
Loans receivable	17,136	18,054
Trade receivables	35,344	44,980
Cash and cash equivalents	15,913	50,307
Total financial assets	**83,724**	**126,238**
Long-term borrowings	4,265	3,927
Short-term borrowings	265	209
Trade payables and accrued liabilities	22,655	23,329
Total financial liabilities	**27,185**	**27,465**

The fair value of the financial assets and liabilities carried at amortised cost is approximately equal to their carrying amounts.

20. Contingencies and commitments

20.1 Contingencies

- At September 30, 2017, the Group had bank and other guarantees of USD40.434 million (2016: USD30.657 million) from which it is anticipated that no material liabilities will arise in addition to amounts already provided.
- Pilanesberg Platinum Mines Proprietary Limited entered into an agreement with Impala Refining Services Limited for the right of first refusal to supply PGM concentrate produced by Pilanesberg Platinum Mines Proprietary Limited from the properties, Ruighoek 169JP, Vogelstruisnek 173JP and Palmietfontein 208JP. Should Platmin South Africa Proprietary Limited ("Platmin SA") elect not to accept the terms proposed by Impala Refining Services Limited, a break fee of USD2,090,000 in aggregate will be payable to Impala Refining Services Limited.
- Platmin SA has an obligation, which cannot be quantified, pro rata to its shareholding in Mahube Mining Proprietary Limited to provide funding to Tameng Mining and Exploration Proprietary Limited to undertake the necessary exploration and development on the Mphahlele project. The consequence of not contributing accordingly, results in the dilution of Platmin SA's shareholding.

20.2 Commitments

The Group's contractual obligations are as follows:

Contractual obligations		Commitments as at September 30, 2017			
USD'000	**Notes**	**Total**	**< 1 year**	**1-3 years**	**After 3 years**
Employee entitlements (1)		1,987	1,987	-	-
Operating lease (2)		149	149	-	-
Finance lease (3)	13	1,287	891	396	-
Asset Retirement Obligation (4)	14	23,656	-	-	23,656
Mining costs (5)		4,614	4,614	-	-
Open Purchase orders		7,451	7,451	-	-
Total Contractual Obligations		**39,144**	**15,092**	**396**	**23,656**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.

(2) This includes the contractual monthly payments for the rental of the Company's corporate office. These commitments can be cancelled by giving one year's notice.

(3) These amounts constitute the minimum lease payments due to ESKOM for the substation and related infrastructure supplied at PPM.

(4) The amount of USD23,656,000 represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM at the end of life of mine, in accordance with the mining license and approved EMP.

(5) Committed mining expenses include the estimated cost that will be incurred by the main mining contractors to carry out the opencast mining operations for the required notice period, should the contract be cancelled.

21. Events after the reporting date

The Group has no adjusting or non-adjusting post balance sheet events to report at the date of this report.